

AMENDED IN ASSEMBLY APRIL 24, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1423

Introduced by Assembly Member Dutra

February 21, 2003

An act to amend ~~Section 11504~~ of Sections 11500, 11502, and 11504 of, and to add Section 11502.5 to, the Business and Professions Code, relating to common interest development managers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1423, as amended, Dutra. Common interest development managers.

Existing law defines a certified common interest development manager and requires a person who provides or contemplates providing the services of a common interest development manager to disclose specified information to the board of directors of the community association.

This bill would ~~make a nonsubstantive change to these provisions. revise the disclosure related to the manager's certification and education.~~

Existing law requires a person, in order to be called a "certified common interest development manager" to have either passed an examination or achieved certification designated by a professional association for community association managers within the previous 5 years and to have satisfied other specified educational requirements.

This bill would, for the purpose of permitting a person to be called a certified common interest development manager, revise the period for a manager's certification endorsement and revise the educational

requirement for certified common interest development association managers. The bill would require, on and after July 1, 2004, the common interest development manager to disclose to the board of the community association if he or she has completed the educational requirement regarding California law. The bill would revise and recast various provisions regarding common interest development managers.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. *Section 11500 of the Business and Professions*
2 *Code is amended to read:*

3 11500. For purposes of this chapter, the following definitions
4 apply:

5 (a) “Common interest development” means a residential
6 development identified in subdivision (c) of Section 1351 of the
7 Civil Code.

8 (b) “Community association” means a nonprofit corporation
9 or unincorporated association created for the purpose of managing
10 a common interest development. A community association is an
11 “association” as defined in subdivision (a) of Section 1351 of the
12 Civil Code.

13 (c) “Financial services” means an act performed or offered to
14 be performed, for compensation, for a community association
15 including, but not limited to, the preparation of internal unaudited
16 financial statements, internal accounting and bookkeeping
17 functions, billing of assessments, and related services.

18 (d) “Management services” means an act performed or offered
19 to be performed in an advisory capacity for a community
20 association including, but not limited to, the following:

21 (1) Administering or supervising the financial or common area
22 assets of a community association or common interest
23 development, at the direction of the community association’s
24 governing body.

25 (2) Implementing resolutions and directives of the board of
26 directors of the community association elected to oversee the
27 operation of a common interest development.

28 (3) Implementing provisions of governing documents, as
29 defined in Section 1351 of the Civil Code, which govern the



operation of the community association or common interest development.

(4) Administering a community association's contracts, including insurance contracts, within the scope of the community association's duties or with other common interest development managers, vendors, contractors, and other third-party providers of goods and services to a community association or common interest development.

(e) "Professional association for common interest development managers" means an organization that meets all of the following:

(1) Has at least 200 members or certificants who are common interest development managers in California.

(2) Has been in existence for at least five years.

(3) Operates pursuant to Section 501(c) of the Internal Revenue Code.

(4) Certifies that a common interest development manager has met the criteria set forth in Section 11502 without requiring membership in the association.

(5) Requires adherence to a code of professional ethics and standards of practice for certified common interest development managers.

SEC. 2. Section 11502 of the Business and Professions Code is amended to read:

11502. In order to be called a "certified common interest development manager," the person shall meet ~~all~~ one of the following:

(a) ~~Within the previous five years~~ Prior to July 1, 2003, has passed a knowledge, skills, and aptitude examination as specified in Section 11502.5 and has received instruction in California law pursuant to paragraph (1) of subdivision (b) by July 1, 2004, or has achieved a certification designation endorsed by a professional association for community association managers and has received instruction in California law pursuant to paragraph (1) of subdivision (b) ~~within the last five years. The course related competency examination or examinations and education provided to a "certified common interest development manager by any professional association for common interest development managers that meets the requirements of subdivision (c) of Section 11502, or any postsecondary educational institution"~~ shall be

1 ~~developed and administered in a manner consistent with standards~~
2 ~~and requirements set forth by the American Educational Research~~
3 ~~Association's "Standards for Educational and Psychological~~
4 ~~Testing," and the Equal Employment Opportunity Commission's~~
5 ~~"Uniform Guidelines for Employee Selection Procedures," the~~
6 ~~Civil Rights Act of 1991, and the Americans with Disabilities Act~~
7 ~~of 1990, or the course or courses have been approved as a~~
8 ~~continuing education course or an equivalent course of study~~
9 ~~pursuant to the regulations of the Real Estate Commissioner by~~
10 ~~July 1, 2004.~~

11 (b) ~~Education~~ *On or after July 1, 2003, has successfully*
12 *completed an educational curriculum that* shall be no less than a
13 combined 30 hours in coursework described in this subdivision:
14 ~~The and passed an examination shall~~ *or examinations that* test
15 competence in common interest development management in the
16 following areas:

17 (1) Instruction in California law that is related to the
18 management of common interest developments, including, but not
19 limited to, the following courses of study:

20 (A) The topics covered by the Davis-Stirling Common Interest
21 Development Act, contained in Sections 1350 to 1376, inclusive,
22 of the Civil Code, including, but not limited to, the types of
23 California common interest developments, disclosure
24 requirements pertaining to common interest developments,
25 meeting requirements for community association boards of
26 directors and members, financial disclosure and reporting
27 requirements, and access to community association records.

28 (B) Personnel issues, including, but not limited to, general
29 matters related to independent contractor or employee status,
30 issues related to types of harassment, the Unruh Civil Rights Act,
31 fair employment laws, and the Americans with Disabilities Act.

32 (C) Risk management as it pertains to common interest
33 development, including, but not limited to, required insurance
34 coverage and preventative maintenance programs.

35 (D) Property protection, including, but not limited to, general
36 matters relating to hazardous materials such as asbestos, radon and
37 lead, the Vehicle Code, local and municipal regulations, family
38 day care homes, energy conservation, Federal Communications
39 Commission rules and regulations, and solar energy systems.

1 (E) The business affairs of community associations, including,
2 but not limited to, necessary compliance with all required local,
3 state, and federal laws and treatises.

4 (F) Basic understanding of governing documents, codes, and
5 regulations relating to the activities and affairs of community
6 associations and common interest developments.

7 (2) Instruction in general management that is related to the
8 managerial and business skills needed for management of a
9 common interest development, including, but not limited to, the
10 following:

11 (A) Finance issues, including, but not limited to, budget
12 preparation, management, and administration of community
13 association financial affairs, bankruptcy laws, and assessment
14 collection activities.

15 (B) Contract negotiation and administration.

16 (C) Supervision of common interest development employees
17 and staff.

18 (D) Management of common interest development
19 maintenance programs.

20 (E) Management and administration of rules, regulations,
21 parliamentary procedures, and architectural standards pertaining
22 to community associations and common interest developments.

23 (F) Management and administration of common interest
24 development recreational programs and facilities.

25 (G) Management and administration of owner and resident
26 communications.

27 (H) Training and strategic planning for the community
28 association's board of directors and committees, and other
29 activities of residents in a common interest development.

30 (I) Risk management as it pertains to common interest
31 development properties, activities, and emergency preparedness.

32 (J) Implementation of community association policies and
33 procedures.

34 (K) Ethics for common interest development managers.

35 (L) Professional conduct and standards of practice for common
36 interest development managers.

37 (M) Current issues relating to common interest developments.

38 ~~(e) A "professional association for common interest~~
39 ~~development managers" means an organization that meets all of~~
40 ~~the following:~~

1 ~~(1) Has at least 200 individual members or certificants who are~~
2 ~~common interest development managers in California.~~

3 ~~(2) Has been in existence for at least five years.~~

4 ~~(3) Operates pursuant to Section 501(c) of the Internal Revenue~~
5 ~~Code.~~

6 ~~(4) Certifies that a common interest development manager has~~
7 ~~met the criteria set forth in Section 11505 without requiring~~
8 ~~membership in the association.~~

9 ~~(5) Requires adherence to a Code of Professional Ethics and~~
10 ~~Standards of Practice for certified common interest development~~
11 ~~managers.~~

12 *(c) On or after July 1, 2004, a common interest development*
13 *manager shall disclose to the board of directors of the community*
14 *association whether he or she has completed the required course*
15 *of study in California law pursuant to paragraph (1) of subdivision*
16 *(b).*

17 *SEC. 3. Section 11502.5 is added to the Business and*
18 *Professions Code, to read:*

19 *11502.5. The course related competency examination or*
20 *examinations and education provided to a certified common*
21 *interest development manager pursuant to Section 11502 by any*
22 *professional association for common interest development*
23 *managers, or any postsecondary educational institution, shall be*
24 *developed and administered in a manner consistent with standards*
25 *and requirements set forth by the American Educational Research*
26 *Association's "Standards for Educational and Psychological*
27 *Testing," and the Equal Employment Opportunity Commission's*
28 *"Uniform Guidelines for Employee Selection Procedures," the*
29 *Civil Rights Act of 1991, and the Americans with Disabilities Act*
30 *of 1990, or the course or courses that have been approved as a*
31 *continuing education course or an equivalent course of study*
32 *pursuant to the regulations of the Real Estate Commissioner.*

33 *SEC. 4. Section 11504 of the Business and Professions Code*
34 *is amended to read:*

35 *11504. On July 1, 2003, and on an annual basis thereafter, a*
36 *person who either provides or contemplates providing the services*
37 *of a common interest development manager to a community*
38 *association, as defined in Section 11501, shall disclose to the board*
39 *of directors of the community association the following*
40 *information:*

1 (a) Whether or not the common interest development manager
2 ~~is certified, as defined in Section 11502.~~ *development manager is*
3 *certified pursuant to subdivision (a) of Section 11502 and whether*
4 *he or she has completed the education required pursuant to*
5 *subdivision (b) of Section 11502.*

6 (b) The name, address, and telephone number of the
7 professional association that certified the common interest
8 development manager, the date the manager was certified, and the
9 status of the certification.

10 (c) The location of his or her primary office.

11 (d) Prior to entering into or renewing a contract with a
12 community association, the common interest development
13 manager, whether certified or not, shall disclose to the governing
14 board of the community association whether the fidelity insurance
15 of the community manager or his or her employer covers the
16 operating and reserve funds of the community association. This
17 requirement may not be construed to compel or require a
18 community association or common interest development manager
19 to require fidelity insurance.

20 This section may not preclude a common interest development
21 manager from disclosing information as required in Section
22 1363.1 of the Civil Code.

